

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 FEA-01

ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07 FPC-01

INT-05 OMB-01 SAM-01 OES-03 STR-04 TRSE-00 FRB-03

LAB-04 SIL-01 /101 W

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R 201812Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2194

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 09544

E.O. 11652: GDS

TAGS: ENRG, UK

SUBJECT: BENN AS NEW SECSTATE FOR ENERGY: A  
SPECULATION

REF: LONDON 8915

1. REFTEL COMMENTED ON EXCHANGE OF JOBS BETWEEN INDUSTRY

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SECRETARY BENN AND ENERGY SECRETARY VARLEY PRIMARILY

WITHIN BROAD POLITICAL CONTEXT OF PM WILSON'S POST REFER-  
ENDUM CABINET SHUFFLE. NONETHELESS, IT WAS NOTED THAT  
NORTH SEA OIL INDUSTRY WAS LIKELY TO BE DISTURBED BY BENN  
APPOINTMENT EVEN THOUGH IT WAS PREMATURE TO JUDGE FULL  
IMPACT HE WILL HAVE IN ENERGY FIELD. IT ALSO WAS SUGGES-  
TED THAT BENN'S NEAR TERM CAPACITY FOR SERIOUS MISCHIEF  
RESPECTING NORTH SEA OIL WAS SUBSTANTIALLY LIMITED SINCE  
A) PETROLEUM TAXATION ISSUE IS RESOLVED; AND B) IN  
APPOINTING BENN, PM CONFIRMED ASSIGNMENT OF RESPONSIBILI-  
TIES FOR MAJORITY STATE PARTICIPATION ARRANGEMENTS TO  
HAROLD LEVER AND EDMUND DELL. REFTEL POINTED OUT, HOW-  
EVER, THAT BENN STILL MAY BE ABLE TO INFLUENCE PARLIAMEN-  
TARY CONSIDERATION OF THIRD BASIC TENET OF HMG'S NORTH  
SEA STRATEGY--THE PETROLEUM AND SUBMARINE PIPELINE BILL.  
REFTEL FURTHER OBSERVED THAT BENN WILL BE RESPONSIBLE FOR  
DAY-TO-DAY DECISIONS ON IMPORTANT MATTERS SUCH AS OPERA-  
TION OF BRITISH NATIONAL OIL COMPANY (BNOC), MINISTERIAL  
APPROVAL OF OIL FIELD DEVELOPMENT PROGRAMS, DEPLETION  
POLICY, ETC. WE COMMENTED ULTIMATE TEST WILL BE HOW HE  
AND HIS ACTIONS ARE PERCEIVED BY OIL INDUSTRY AND THAT  
BENN'S RECENT RECORD IS NOT REASSURING IN THIS REGARD.

2. LITTLE WE HAVE HEARD FROM PRIVATE INDUSTRY DURING  
THIS PAST WEEK CONTRADICTS OUR INITIAL ASSESSMENT. IN-  
DUSTRY IS TENDING TO KEEP MUM AND GLUM ABOUT ITS DOUBTS  
BENN WILL CONCENTRATED, AS SUGGESTED BY PM, ON FACILITAT-  
ING RAPID DEVELOPMENT OF NORTH SEA OIL. COMPANY REPRESENTATIVES QUESTION WHETHER HE WILL IN FACT MOVE DECIS-  
IVELY TO WRAP UP PETROLEUM BILL, ACQUIESCE IN, IF NOT  
SUPPORT, A MODERATE APPROACH TO PARTICIPATION ARRANGE-  
MENTS OR ACTIVELY SEEK TO RESOLVE LABOR DISPUTES WHICH  
HAVE PLAGUED ONSHORE SUPPLIERS FOR YEARS AND ARE NOW  
BEGINNING TO SPREAD OFFSHORE TO DRILLING RIGS.

3. INITIAL REACTION OF GOVERNMENT OFFICIALS HAS BEEN  
MORE DIVERSE. ONE DEPARTMENT OF ENERGY OFFICIAL NOTED  
BENN WAS MORE A THEORETICIAN THAN VARLEY BUT AT SAME  
TIME COULD MAKE TOUGH DECISIONS REQUIRED OF HIM. HE BE-  
LIEVED BENN COULD DO A GOOD JOB AT ENERGY IF HE DECIDED  
IT WAS TIME TO PROVE HIMSELF A CAPABLE MINISTER AS WELL  
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AS POLITICIAN. ANOTHER OFFICIAL SUGGESTED ONE IMPORTANT  
TIPOFF AS TO FUTURE POWER BALANCE IN ENERGY SECTOR WAS  
WHETHER HAROLD LEVER CONTINUED TO RELY ALMOST EXCLUSIVELY  
ON ENERGY DEPARTMENT STAFF TO CONDUCT DETAILED PARTICIPA-  
TION NEGOTIATIONS OR BEGAN TO MAKE GREATER USE OF TREASURY  
STAFF. (NOTE: AS A PRACTICAL MATTER, ENERGY DEPARTMENT  
HAS DONE LEVER'S STAFF WORK WITH SECSTATE VARLEY AND LORD  
BALOGH REVIEWING PAPERS BEFORE THEY GO TO LEVER, DELL AND

CABINET. FURTHER, LEVER AND DELL HAVE HAD MINIMAL INVOL-  
VEMENT IN HANDLING OF PETROLEUM BILL BY DEPARTING  
SECSTATE VARLEY AND HIS DEPARTMENT.)

4. COMMENT: BENN SEEMS TO HAVE ADEQUATE SCOPE FOR IN-  
DULGING IN COMPARATIVELY HARMLESS POLITICAL POSTURING AT  
ENERGY WHICH WILL MAINTAIN HIS IMAGE WITH LEFT WING LABOR  
FAITHFUL. HE CAN CONTINUE TO SCORE DEBATING POINTS BY  
OPPOSING FORMULATION OF COMMON EC ENERGY POLICIES RESPEC-  
TING PRODUCTION AND MARKETING OF OIL; POLICIES WHICH ANY  
BRITISH GOVERNMENT IS APT TO OPPOSE ON BEHALF OF A NATION  
POTENTIALLY SELF-SUFFICIENT AND AN EXPORTER OF INDIGEN-  
OUSLY PRODUCED CRUDE PETROLEUM. HE CAN LEND SYMPATHETIC  
EAR TO TRADE UNIONS ALREADY BENT ON UNIONIZING NORTH SEA

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INT-05 OMB-01 SAM-01 OES-03 STR-04 TRSE-00 FRB-03

LAB-04 SIL-01 /101 W

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R 201812Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2195

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 09544

OIL RIGS. HE CAN PUBLICLY ESPOUSE MORE VIGOROUSLY HMG  
POLICIES DESIGNED TO ASSURE UK SUPPLIERS OF A "FULL AND  
FAIR OPPORTUNITY" TO COMPETE FOR NORTH SEA SUPPLIES,  
SERVICES AND EQUIPMENT ORDERS. HE CAN CURRY FAVOR OF  
COAL MINERS BY SUPPORTING THEIR PURSUIT OF BETTER WORKING  
AND SAFETY CONDITIONS, GREATER HMG INVESTMENT IN OPENING  
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NEW MINES, ETC.

5. ON OTHER HAND, BENN ALSO HAS SUFFICIENT SCOPE TO  
CAUSE REAL TROUBLE FOR WILSON GOVERNMENT. HE CAN ALIENATE  
NORTH SEA OIL INDUSTRY BY HIS GENERAL ATTITUDE, RHETORIC  
AND ROUTINE DECISION-MAKING IF THESE REMAIN WEDDED TO HIS  
INTELLECTUAL STOCK-IN-TRADE WHICH EMPHASIZES (AND ENCOUR-  
AGES) SKITTISHNESS OF PRIVATE INVESTOR, INEPTNESS OF  
MANAGERIAL CLASS AND HISTORIC INSENSITIVITY OF EMPLOYER  
TO LABOR RELATIONS AND SOCIAL OBJECTIVES.

6. IT IS IMPOSSIBLE OF COURSE TO PREJUDGE HOW BENN WILL  
PERFORM AT ENERGY. MUCH DEPENDS ON HIS POLITICAL ASPIR-  
ATIONS AND EXTRANEIOUS CIRCUMSTANCES WHICH HAVE LITTLE OR  
NOTHING TO DO WITH HIS ENERGY PORTFOLIO. GUESS OF ONE  
EXPERIENCED OBSERVER IS THAT HE WILL DO A REASONABLY  
COMPETENT JOB--AND THEN POSSIBLY RESIGN ON A MATTER OF  
"PRINCIPLE" SHOULD IT SUIT HIS POLITICAL PURPOSES.  
OTHERS BELIEVE HE VALUES A SEAT IN THE CABINET MORE HIGH-  
LY THAN SELF-IMPOSED MARTYRDOM. WHILE WE CANNOT GREATLY  
INFLUENCE BENN'S ACTIONS IN THE BROADER POLITICAL ARENA,  
WE CAN HOPE TO EXERT SOME INFLUENCE ON HIS HANDLING OF  
ENERGY ISSUES OF INTEREST TO U.S. IN THIS CONNECTION,  
EMBASSY HAS WELCOMED SYMPATHETICALLY INDICATIONS FROM  
SENIOR DEPARTMENT OF ENERGY OFFICIALS THAT BENN MIGHT  
WANT TO PAY AN OFFICIAL VISIT TO UNITED STATES IN EARLY  
AUTUMN.

RICHARDSON

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## Message Attributes

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